

Idaho Public Utilities Commission

Case No. IPC-E-13-04, Order No. 32805

May 21, 2013

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PUC approves changes to demand response agreement

The Idaho Public Utilities Commission is allowing Idaho Power Company to significantly reduce costs it incurs to pay large customers to reduce their energy consumption during peak use times because the utility does not anticipate peak-hour capacity deficits until 2016.

Idaho Power contracts with an independent company, EnerNoc, to manage a demand reduction program for the utility's large commercial and industrial customers. The program, called FlexPeak, allows large commercial and industrial customers to reduce their consumption for short periods during peak summer days when demand on the company's generation system is the highest.

The modified agreement with EnerNoc caps the weekly demand reduction at 35 MW, reduces the number of dispatch hours from 60 to 30, the number of peak-load days from 20 to 10 and the amount Idaho Power pays EnerNoc. Idaho Power claims the modified contract with EnerNoc will save all its customers \$500,000.

Last month, the commission granted Idaho Power authority to curtail other demand response programs: the Air Conditioner Cool Credit program for residential customers and the Peak Rewards program for irrigators. Idaho Power originally sought to suspend those two programs entirely for 2013, but the commission adopted a negotiated settlement that continues a reduced amount of payments to participating customers even though the demand reduction won't take place. Workshops will be held this summer to determine the future of the programs from 2014 on.

FlexPeak, the A/C Cool Credit and Irrigation Peak Rewards programs are just three of about 20 programs devoted to demand side reduction and management.

The commission adopted the amendment to the EnerNoc agreement noting that it maintains FlexPeak while cutting program costs by about \$500,000 this year. "In light of Idaho Power's projected excess capacity in the near-term, the contract changes strike a proper balance between maintaining an effective demand response program and controlling costs that are passed on to the company's customers."

The Industrial Customers of Idaho Power objected to the contract changes, asserting demand response programs should not be ramped down simply because the utility is in

a temporary surplus generation position. “DSM programs, like FlexPeak, allow the utility to meet system demands in smaller increments and they smooth out the ‘lumpy’ nature of adding generation plant like the Langley Gulch (natural gas) plant” recently constructed by Idaho Power.

Idaho Power said it was faced with operating demand response programs costing customers money when adequate system capacity exists to serve anticipated peak loads through 2016. Idaho Power said it has an “obligation to keep rates reasonable for the benefit of all customers.”

A full text of the commission’s order, along with other documents related to this case, is available on the commission’s Web site at www.puc.idaho.gov. Click on “File Room” and then on “Electric Cases” and scroll down to Case No. IPC-E-13-04.

Interested parties may petition the commission for reconsideration by no later than May 30. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

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